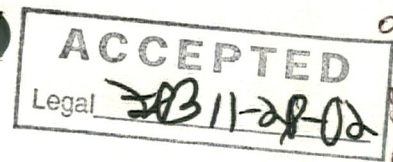


MCNAIR LAW FIRM, P.A.

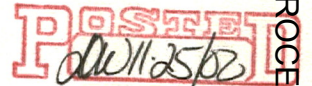
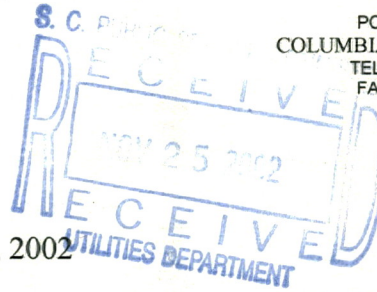
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November 19, 2002

The Honorable Gary E. Walsh
Executive Director
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

2002-382-C

In Re: Request for Changes in Depreciation Rates for Chester, Lockhart, and
Ridgeway Telephone Companies

Dear Mr. Walsh:

I am writing to request a change in depreciation rates for Chester, Lockhart, and Ridgeway Telephone Companies. Each company is requesting a depreciation rate of 12.00% for digital switching (Account 2212) and a depreciation rate of 12.50% for circuit equipment (Account 2232.1). These depreciation rates fall within the range of rates previously approved by the Public Service Commission of South Carolina ("Commission") for this type of equipment for other companies operating in South Carolina.

Some of the specific reasons for this request are discussed below. With respect to circuit equipment (Account 2232.1), it is necessary for the companies to replace and upgrade digital loop carrier equipment in order to keep up with the fast pace of technological change and to provide broadband services to their respective customers. The companies have already begun this process and it has been their experience that the current depreciation rates for this equipment (5.70% for Chester and Ridgeway and 4.00% for Lockhart) do not accurately reflect the actual life of the equipment. A depreciation life of 8 years, which equates to a 12.50% depreciation rate, more accurately reflects the actual life of this type of equipment.

With respect to digital switching (Account 2212), the current depreciation life of 14 years (7.11% depreciation rate for all three companies) also does not accurately reflect the true life of the equipment. In the past 14 years, for example, Chester Telephone Company has had to replace the central processor twice and is facing a third replacement in the near future. The upcoming replacement will be necessary in order for Chester to provide future packet based services and new features that are being developed only for packet based switches. Ridgeway will likewise be required to upgrade its switch, which was installed in 1996, to offer packet based services and new features. Lockhart's switch, which was installed in June 1995, was replaced with digital loop carrier earlier this year when Lockhart determined it would be less expensive to replace the switch with digital loop carrier than to upgrade the switch to bring it into compliance

Letter to Gary E. Walsh
November 19, 2002
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with the FCC's new CALEA requirements. A depreciation life of 8.33 years, which equates to a 12.00% depreciation rate, more accurately reflects the actual life of this type of equipment.

Additionally, within the last five years, Chester has replaced its j-net with an enhanced network (because the j-net was no longer going to be supported by Nortel), and is currently in the process of switching out its older line modules and digital carrier modules that will not be supported after December 31, 2004. Chester and Ridgeway Telephone Companies are also in the process of replacing their TR-008 SMS's with GR-303 SMA's in order to enable the companies to provide DSL service to their customers. Most of this equipment (j-net, line modules and digital carrier modules, and TR-008 SMS's) has not been fully depreciated.

Attached please find a table for each of the companies showing current and proposed depreciation rates by account, along with the estimated amount of additional depreciation expense associated with the proposed changes for each company, based on 2001 data.

The companies are requesting that the new depreciation rates be effective retroactive to January 1, 2002. Approval of this request will not affect the respective companies' rates, nor will the companies seek to increase rates in calendar year 2003 as a result of this filing.

Please return a clocked-in copy of this filing with our courier. Thank you for your assistance. If we can provide anything further, please contact me.

Very truly yours,



Margaret M. Fox

cc: Samuel J. Jones

CHESTER TELEPHONE COMPANY

YEARLY DEPRECIATION EXPENSE COMPARISON PER PROPOSED RATE CHANGES

A/C No.	Account Name	Proposed Rates	2001 Proposed Expense	Current Rates	2001 Current Expense	Difference
2212	Digital Electronic Switch	12.00%	\$ 1,484,958.87	7.11%	\$ 879,838.13	\$ 605,120.74
2232.1	Subscriber Carrier Equipment	12.50%	\$ 691,863.92	5.70%	\$ 315,489.95	\$ 376,373.97
Total			\$ 2,176,822.79		\$ 1,195,328.08	\$ 981,494.71

RIDGEWAY TELEPHONE COMPANY							
YEARLY DEPRECIATION EXPENSE COMPARISON PER PROPOSED RATE CHANGES							
A/C No.	Account Name	Proposed Rates		2001 Proposed Expense	Current Rates	2001 Current Expense	Difference
2212	Digital Electronic Switch	12.00%	\$	168,534.57	7.11%	\$ 99,856.73	\$ 68,677.84
2232.1	Subscriber Carrier Equipment	12.50%	\$	96,266.64	5.70%	\$ 43,897.59	\$ 52,369.05
Total				\$ 264,801.21		\$ 143,754.32	\$ 121,046.89

LOCKHART TELEPHONE COMPANY

YEARLY DEPRECIATION EXPENSE COMPARISON PER PROPOSED RATE CHANGES

A/C No.	Account Name	Proposed Rates	2001 Proposed Expense	Current Rates	2001 Current Expense	Difference
2212	Digital Electronic Switch	12.00%	\$ 20,189.73	7.11%	\$ 11,962.42	\$ 8,227.31
2232.1	Subscriber Carrier Equipment	12.50%	\$ 9,223.42	4.00%	\$ 2,951.50	\$ 6,271.92
Total			\$ 29,413.15		\$ 14,913.92	\$ 14,499.23